

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

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W-01961A
Lucky Hills Water Company
P. O. Box 309
Tombstone AZ 85638

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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RECEIVED

APR 18 2005

AZ Corporation Commission
Director Of Utilities

FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) <u>Lucky Hills Water Co.</u>			
Mailing Address <u>P.O. Box 309</u>			
<u>Tombstone</u> (City)	<u>AZ</u> (State)	<u>85638</u> (Zip)	
<u>520-457-3350</u> Telephone No. (Include Area Code)	<u>520-457-3350</u> Fax No. (Include Area Code)	<u>520-255-3097</u> Pager/Cell No. (Include Area Code)	
Email Address <u>-</u>			
Local Office Mailing Address <u>P.O. Box 309</u>			
<u>Tombstone</u> (City)	<u>AZ</u> (State)	<u>85638</u> (Zip)	
<u>520-457-3350</u> Local Office Telephone No. (Include Area Code)	<u>520-457-3350</u> Fax No. (Include Area Code)	<u>520-255-3097</u> Pager/Cell No. (Include Area Code)	
Email Address <u>-</u>			

MANAGEMENT INFORMATION

Management Contact: <u>Merle M. Cowan</u>			
		<u>Manager</u> (Title)	
<u>P.O. Box 309</u> (Street)	<u>Tombstone</u> (City)	<u>AZ</u> (State)	<u>85638</u> (Zip)
<u>520-457-3350</u> Telephone No. (Include Area Code)	<u>520-457-3350</u> Fax No. (Include Area Code)	<u>520-255-3097</u> Pager/Cell No. (Include Area Code)	
Email Address <u>-</u>			
On Site Manager: <u>Robert Cowan</u>			
		<u>Az</u> (State)	<u>85638</u> (Zip)
<u>P.O. Box 309</u> (Street)	<u>Tombstone</u> (City)		
<u>520-457-3350</u> Telephone No. (Include Area Code)	<u>520-457-3350</u> Fax No. (Include Area Code)	<u>520-255-3097</u> Pager/Cell No. (Include Area Code)	
Email Address <u>-</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Robert M. Struse, Esq.
 (Name)

6750 N. Oracle Rd. Tucson AZ 85704
 (Street) (City) (State) (Zip)

520-575-5555 520-575-5599
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Robert M. Struse
 (Name)

6750 N. Oracle Rd. Tucson AZ 85704
 (Street) (City) (State) (Zip)

520-575-5555 520-575-5599
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Lucky Hills Water Co.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	55,698.	51,486.	4212.

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Lucky Hills Water Co.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements			
307	Wells and Springs			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	55,698.	5%	222.

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME

Lucky Hills Water Co.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 1645.36	\$ 348.64
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	496.95	522.72
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 2142.31	\$ 871.36
	FIXED ASSETS		
101	Utility Plant in Service	\$ 53,240.00	\$ 55,698.00
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	< 51,264.00 >	< 51,486.00 >
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 1976.00	\$ 4212.20
	TOTAL ASSETS	\$ 4118.31	\$ 5083.56

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Lucky Hills Water Co.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 660.00	\$ 2110.00
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	35.00	100.00
236	Accrued Taxes	30.45	22.77
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 725.45	\$ 2232.77
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 0	\$
	TOTAL LIABILITIES	\$ 725.45	\$ 2232.77
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 33500.00	\$ 33500.00
211	Paid in Capital in Excess of Par Value	54,484.00	54,484.00
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$	\$ 2850.79
	TOTAL LIABILITIES AND CAPITAL	\$	\$ 5083.56

COMPANY NAME Lucky Hills Water Co.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1745.02	\$ 1657.22
460	Unmetered Water Revenue		
474	Other Water Revenues	20.00	
	TOTAL REVENUES	\$ 1765.02	\$ 1657.22
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	357.40	337.80
618	Chemicals		
620	Repairs and Maintenance	149.60	294.98
621	Office Supplies and Expense	116.00	132.08
630	Outside Services	835.00	709.77
635	Water Testing	330.00	330.00
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	104.00	222.00
408	Taxes Other Than Income	54.00	104.00
408.11	Property Taxes	83.26	83.16
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 2029.26	\$ 2213.71
	OPERATING INCOME/(LOSS)	\$ <264.24>	\$ <556.49>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		<14.42>
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$
	NET INCOME/(LOSS)	\$ <264.24>	\$ <542.07>

COMPANY NAME

Lucky Hills Water Co.

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ _____

Meter Deposits Refunded During the Test Year

\$ _____

COMPANY NAME Lucky Hills Water Co.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
	1 1/2	4-5	365'	6"		

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000 gallons	1	1000	1

COMPANY NAME

Lucky Hills Water Co.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	4
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME: Lucky Hills Water Co.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	4	14,870.	no meter
FEBRUARY	4	13,710.	
MARCH	4	13,280	1
APRIL	4	16,100	
MAY	4	15,360	
JUNE	4	35,600	
JULY	4	38,000	
AUGUST	4	21,580	
SEPTEMBER	4	33,870	
OCTOBER	4	33,520	
NOVEMBER	4	33,200	
DECEMBER	4	36,790	
TOTAL			

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.0073 mg/l (2003)
(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Lucky Hills Water Co. YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 83.16

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Lucky Hills Water Co. YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 18 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Cochise</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Merle M. Cowan</u>
COMPANY NAME	<u>Lucky Hills Water Co.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 1758.32

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 101.10
IN SALES TAXES BILLED, OR COLLECTED)

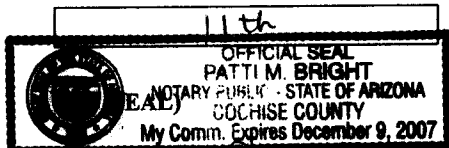
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Merle M. Cowan
SIGNATURE OF OWNER OR OFFICIAL
520-457-3350
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 11th DAY OF



COUNTY NAME <u>Cochise</u>	
MONTH <u>April</u>	.20 <u>05</u>

Patti M. Bright
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES December 9, 2007

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

APR 18 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Cochise</u>	
NAME (OWNER OR OFFICIAL) <u>Merle M. Cowan</u>	TITLE <u>Manager</u>
COMPANY NAME <u>Lucky Hills Water Co.</u>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH 12	DAY 31	YEAR 2004
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HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>1758.32</u>

**(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 101.10
IN SALES TAXES BILLED, OR COLLECTED)**

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Merle M. Cowan
SIGNATURE OF OWNER OR OFFICIAL

520-457-3350
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

11th

DAY OF

NOTARY PUBLIC NAME <u>Patti M. Bright</u>	
COUNTY NAME <u>Cochise</u>	
MONTH <u>April</u>	. <u>2005</u>

(SEAL)

MY COMMISSION EXPIRES



12-9-2007

X Patti M. Bright
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Lucky Hills Water Company, Inc.

P.O. Box 309
Tombstone, AZ 85638

TRIAL BALANCE

From : 01/01/04 To : 12/31/04

Account	Account Name	BEGINNING BALANCE		THIS PERIOD		CURRENT BALANCE	
		Debit	Credit	Debit	Credit	Debit	Credit
1	ASSETS	4118.31		965.25		5083.56	
11	Current Assets	2142.31			1270.95	871.36	
1101	Cash in Banks	1645.36			1296.72	348.64	
11011	BoA Checking	1645.36			1296.72	348.64	
1102	Accts Rec. (Cust.)	496.95		25.77		522.72	
1103	Temporary Investmnts	0.00		0.00		0.00	
11031	A/R Cowan Frontiers, Inc	0.00		0.00		0.00	
1105	Other Curr.& Accr.Assets	0.00		0.00		0.00	
12	Fixed Assets	1976.00		2236.20		4212.20	
1201	Utility Plant in Serv.	53240.00		2458.20		55698.20	
12011	Organization	0.00		0.00		0.00	
12012	Franchises	0.00		0.00		0.00	
12013	Land & Land Rights	0.00		0.00		0.00	
120131	Land/Well Site	0.00		0.00		0.00	
12014	Structs.& Impvmts.	456.00		0.00		456.00	
120141	Structs.& Impvmts 1/1/00	456.00		0.00		456.00	
12015	Wells & Springs	16259.00		0.00		16259.00	
120151	Wells&Spgs	16259.00		0.00		16259.00	
12016	Elect.Pump.Equip.	9245.00		1991.36		11236.36	
120161	Elect.Pump.Equip.	9245.00		0.00		9245.00	
120162	Pump, Foster 6/00	0.00		0.00		0.00	
120163	Pump, Foster Pump 9/04	0.00		1991.36		1991.36	
12017	Water Treatment Equip	0.00		0.00		0.00	
12018	Distb.Reserv.Storage	4100.00		466.84		4566.84	
120181	Distb.Reserv.Storage	4100.00		0.00		4100.00	
120182	Storage Tank	0.00		0.00		0.00	
120183	Pressure Tank, 9/04	0.00		466.84		466.84	
12019	Transmiss.& Dist. Mains	22076.00		0.00		22076.00	
120191	Transm&Dist	22076.00		0.00		22076.00	
12020	Services (MainsToMeters)	0.00		0.00		0.00	
12021	Meters (All Costs)	339.00		0.00		339.00	
120211	Meters (all costs)	339.00		0.00		339.00	
12023	Other Plant Struc.&Imprv	0.00		0.00		0.00	
12024	Office Furn.& Fxt.	0.00		0.00		0.00	
12025	Transp.Equipmt	0.00		0.00		0.00	
12026	Tools & Lge Work Equip	765.00		0.00		765.00	
120261	Tools	765.00		0.00		765.00	
12027	Laboratory Equip	0.00		0.00		0.00	
12028	Power Operated Equipm	0.00		0.00		0.00	
12029	Communication Equip	0.00		0.00		0.00	
1203	Acc.Depr.& Amort/Plant		51264.00		222.00		51486.00
1204	Constr.Work in Progress	0.00		0.00		0.00	
1206	Other Fixed Assets	0.00		0.00		0.00	
1208	Plant Mtrls&Supplies	0.00		0.00		0.00	
2	LIABILITIES		725.45		1507.32		2232.77
21	Long Term Liabilities		0.00		0.00		0.00
2101	Notes Payable		0.00		0.00		0.00
22	Short Term Liabilities		725.45		1507.32		2232.77 ✓
2201	Refundable Items		35.00		65.00		100.00
22011	Refundable New Service		0.00		0.00		0.00
22014	Ref.Renters Dep.		35.00		0.00		35.00
22015	Rent Dep-Ruyle, D.		0.00		65.00		65.00
2202	Accts Payable/Vendors		660.00		1450.00		2110.00
22021	A/P Frontier		660.00		0.00		660.00
22022	A/P Robt & Merl Cowan		0.00		1450.00		1450.00
2203	Taxes Payable		30.45	7.68			22.77
22031	A/P Sales Tax		30.45	7.68			22.77
22032	A/P Fed.W.H.		0.00		0.00		0.00
22033	A/P FICA W.H.		0.00		0.00		0.00
22034	A/P State W.H.		0.00		0.00		0.00
2205	Accrued Interest		0.00		0.00		0.00
22051	Accrued Interest/ Other		0.00		0.00		0.00
2208	Contrib/Aid Constr.(Cau)		0.00		0.00		0.00

Date : 12/31/2004
Time : 3:41 PM

Lucky Hills Water Company, Inc.

P.O. Box 309
Tombstone, AZ 85638

TRIAL BALANCE

From : 01/01/04 To : 12/31/04

Account	Account Name	BEGINNING BALANCE		THIS PERIOD		CURRENT BALANCE	
		Debit	Credit	Debit	Credit	Debit	Credit
22081	Contrib.Constr/		0.00		0.00		0.00
2210	Misc.Curr.&Accr.Liab.		0.00		0.00		0.00
2250	Accum.Amort(Contrib.Constr		0.00		0.00		0.00
22501	Accum.Amortiz/		0.00		0.00		3392.86
3	STOCKHOLDERS EQUITY		3392.86		0.00		3392.86
31	Capital		87984.00		0.00		87984.00
3111	Capital Stock 1/1/90		33500.00		0.00		33500.00
3112	Pd in Capital/prior		54484.00		0.00		54484.00
3113	Distrib		0.00		0.00		0.00
32	Retained Earnings	84326.90		264.24		84591.14	
3212	Ret Earnings/1-1-2000	84099.79			0.00	84099.79	
3213	Ret Earnings	227.11		264.24		491.35	
33	Current Earnings	264.24			264.24		0.00
4	REVENUES		0.00		1657.22		1657.22
41	Water Sales		0.00		1657.22		1657.22
4111	Metered Water Sales		0.00		1657.22		1657.22
4120	Water Sales Adjmt (Dr.)		0.00		0.00		0.00
42	Other Operating Revenue		0.00		0.00		0.00
4211	Establ. Fee		0.00		0.00		0.00
4213	Establ.Fee (AftHrs)		0.00		0.00		0.00
4215	Reconnect (Delinq)		0.00		0.00		0.00
4217	Meter Test		0.00		0.00		0.00
4219	Re-Establ. (12Mos.)		0.00		0.00		0.00
4221	NSF Checks		0.00		0.00		0.00
4223	Re-Read Meter		0.00		0.00		0.00
44	Financial Revenue		0.00		0.00		0.00
4411	Interest Incm/Cust.Accts		0.00		0.00		0.00
4413	Interst Incm/Bank Acct		0.00		0.00		0.00
4414	Misc.Interest Income		0.00		0.00		0.00
5	TOTAL EXPENSES	0.00		2199.29		2199.29	
51	Cost of Sales	0.00		2199.29		2199.29	
5111	Salaries	0.00		0.00		0.00	
51112	Salaries/Wages	0.00		0.00		0.00	
51113	FICA Employers Expense	0.00		0.00		0.00	
5113	Purchased Water	0.00		0.00		0.00	
5115	Purchased Power (Elec)	0.00		337.80		337.80	
5117	Water Testing	0.00		330.00		330.00	
51171	Water Tests, Lab.	0.00		330.00		330.00	
5119	Water Treatment	0.00		0.00		0.00	
5121	Reprs,Maint/Plant	0.00		294.98		294.98	
5123	Office Expense	0.00		132.00		132.00	
51231	Office, Rent/Util.	0.00		0.00		0.00	
51232	Office/Equip Rent,Maint	0.00		0.00		0.00	
51233	Office Supplies	0.00		0.00		0.00	
51235	Office/Bk.Svc.Chgs.	0.00		132.00		132.00	
51236	Office, Dues/Subscript.	0.00		0.00		0.00	
5125	Outside Services	0.00		763.77		763.77	
51251	Outs.Serv./Management	0.00		0.00		0.00	
51252	Outs.Serv./Accounting	0.00		0.00		0.00	
51253	Outs.Serv./Legal	0.00		150.00		150.00	
51254	Outs.Serv./Engineering	0.00		0.00		0.00	
51255	Outs.Serv./Oper&Maint	0.00		559.77		559.77	
51257	Outs.Serv/Certif.Operator	0.00		0.00		0.00	
51258	Report Filing Fees	0.00		54.00		54.00	
5127	Rate Case Expense	0.00		0.00		0.00	
51271	R.Case/Accounting	0.00		0.00		0.00	
51272	R.Case/Legal	0.00		0.00		0.00	
51273	R.Case/Engineering	0.00		0.00		0.00	
51274	R.Case/Other	0.00		0.00		0.00	
5128	Rents	0.00		0.00		0.00	
51281	Rents/Bldg	0.00		0.00		0.00	
51282	Rents/Off Rl Prop & Eq	0.00		0.00		0.00	
51291	TVehicle Expense	0.00		0.00		0.00	

Date : 12/31/2004
Time : 3:41 PM

Lucky Hills Water Company, Inc.

P.O. Box 309
Tombstone, AZ 85638

Page no. 3

TRIAL BALANCE

From : 01/01/04 To : 12/31/04

Account	Account Name	BEGINNING BALANCE		THIS PERIOD		CURRENT BALANCE	
		Debit	Credit	Debit	Credit	Debit	Credit
5130	Insurance, Genrl (To Yr End)	0.00		0.00		0.00	
51301	Liability Insurance	0.00		0.00		0.00	
51302	Vehicle Insurance	0.00		0.00		0.00	
51303	State Comp. Insur.	0.00		0.00		0.00	
5131	Health & Life Insurance	0.00		0.00		0.00	
5132	Taxes	0.00		133.16		133.16	
51321	Property Taxes	0.00		83.16		83.16	
51322	Taxes Other than Property	0.00		50.00		50.00	
5133	Depreciation	0.00		222.00		222.00	
5135	Interest Expense	0.00		0.00		0.00	
51351	Int. Exp./Cust Deposits	0.00		0.00		0.00	
51352	Int. Exp. Note Mermico	0.00		0.00		0.00	
5149	Misc. Expense/Oper.	0.00		0.00		0.00	
5150	Credit/Cust Accts.	0.00			14.42		14.42
5160	426 Other Expense	0.00		0.00		0.00	
999	Suspense	0.00		0.00		0.00	
		<u>139973.45</u>	<u>139973.45</u>	<u>4969.60</u>	<u>4969.60</u>	<u>143374.41</u>	<u>143374.41</u>

Date : 12/31/2004
Time : 2:24 PM

Lucky Hills Water Company, Inc.

P.O. Box 309
Tombstone, AZ 85638

BALANCE SHEET As of 12/31/04

Account	Account Name	General Acct	Detail Acct
11011	BoA Checking		348.64
1102	Accts Rec. (Cust.)		522.72
120141	Structs.& Impvmts 1/1/00		456.00
120151	Wells&Spgs		16259.00
120161	Elect.Pump.Equip.		9245.00
120163	Pump, Foster Pump 9/04		1991.36
120181	Distb.Reserv.Storage		4100.00
120183	Pressure Tank, 9/04		466.84
120191	Transm&Dist		22076.00
120211	Meters (all costs)		339.00
120261	Tools		765.00
1203	Acc.Depr.& Amort/Plant		-51486.00
	Total Assets		5083.56

Date : 12/31/2004
Time : 11:09 AM

Lucky Hills Water Company, Inc.

P.O. Box 309
Tombstone, AZ 85638

Page no. 1

INCOME STATEMENT

From 01/01/04 to 12/31/04

Account	Account Name	This Period		Year to Date	
		General Acct	Detail Acct	General Acct	Detail Acct
4111	Metered Water Sales		157.38		1657.22
	Total Revenue		157.38		1657.22
5115	Purchased Power (Elec)		32.17		337.80
51171	Water Tests, Lab.		50.00		330.00
5121	Reprs, Maint/Plant		0.00		294.98
51235	Office/Bk.Svc.Chgs.		11.00		132.00
51253	Outs.Serv./Legal		0.00		150.00
51255	Outs.Serv./Opern&Maint		0.00		559.77
51258	Report Filing Fees		0.00		54.00
51321	Property Taxes		0.00		83.16
51322	Taxes Other than Property		0.00		50.00
5133	Depreciation		222.00		222.00
5150	Credit/Cust.Accts.		-39.42		-14.42
	Total Expenses		275.75		2199.29
	NET INCOME		-118.37		-542.07

104.00 } 709.77

US DATE 11/04/04
11/04/04 15:47 PM P01
3550602375 5240193452

BANK ONE, NA
1119013314
11032004

2137704
PAY TO THE ORDER OF
019 BANK ONE
11-04-04
FOR DEPOSIT ONLY
MARSHA
TAX COLLECTOR

LUCKY HILLS WATER COMPANY, INC. 09:00
P.O. BOX 309 520-457-3350
TOMBSTONE, AZ 85638

1086

91-170
0425 1221 AZ

DATE 11-1-4

PAY
TO THE
ORDER OF

Marsha Bonham, Cochise County Treasurer

\$ 83.16

Eighty Three Dollars & 16/100

DOLLARS

Bank of America

ACH R/T 122101706

FOR

944-20-100 9 04 full

Wesley M. Cowan

001086 122101706 004671545097

0000008316